

June 23, 2016

Mr. Gerard Poliquin
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

Email: regcomments@ncua.gov

RE: Comments on Proposed Rule: Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers

Dear Secretary Poliquin:

On behalf of the Board of Directors and Executive Management Team of Black Hills Federal Credit Union (BHFCU), I am writing in response to the NCUA's request for comment on the proposed rule regarding Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises; Incidental Powers. Black Hills Federal Credit Union is a community chartered, low-income designated credit union serving members in the South Dakota counties of Pennington, Buffalo, Butte, Custer, Fall River, Haakon, Hughes, Hyde, Jerauld, Lawrence, Lincoln, Meade, McCook, Miner, Sanborn, Stanley, Sully, and Turner. We also serve the Cheyenne River Indian Reservation in South Dakota, consisting of Dewey and Ziebach counties. BHFCU currently serves nearly 63,000 members and has assets of approximately \$1.1 billion. BHFCU has a net worth ratio of 11.37% and our fixed assets are \$26.4 million, or approximately 2.4% of assets.

The Board of Directors and Management of Black Hills FCU thanks the NCUA for the fixed asset rule changes adopted in July 2015. We appreciate the additional flexibility the current rule offers. While the changes adopted in July to the Fixed Asset Rules are an improvement over the prior rules, we would still like to see the NCUA allow for some additional flexibility for well-capitalized credit unions.

In the Proposed Federal Credit Union Occupancy, Planning, and Disposal of Acquired and Abandoned Premises Rule, the NCUA Board states the Federal Credit Union Act does not explicitly mention nor require a full occupancy of FCU property. The new proposed rule requires at least fifty percent of the premises must be occupied and used on a full-time basis to meet the definition of Partial Occupancy. The proposed 50% occupancy definition can be very ambiguous with mixed-use properties and larger tracts of land, which may be used for future expansions of credit union operations.

We appreciate the Board's efforts at reducing restrictions, and appreciate and agree with eliminating the full occupation plan in the proposed rule. We wish the Board would take a less restrictive approach on Partial Occupation. We would recommend the Board revert to the earlier definition of Partial Occupation, which only required a partial full-time use of the property to meet the occupancy requirements. The current and proposed requirements are more restrictive than the earlier definition of partial full-time use. We recommend the NCUA Board consider reinstituting the previous partial occupancy definition, which only required partial full-time use in the final rule.

In addition to the Partial Occupation definition, we have previously recommended, and continue to suggest, the NCUA establish a de minimis exception for fixed assets which are financially immaterial to a credit union's operation. We suggest fixed assets that are less than 25 basis points of assets have no restrictions, either for occupancy or for length of time the property can be held prior to development or use by the credit union. Credit union boards are familiar with their institutions and the areas they operate in, and are uniquely qualified to make the decision on how to manage these immaterial assets.

Summary

The NCUA should give boards of directors of well-capitalized credit unions the ability to make their own determination as to what is in the best interest of the members and the credit union. We recommend the NCUA establish a de minimis exception for fixed assets that are financially immaterial to a credit union's operation. We recommend any fixed asset less than 25 basis points of assets have no restriction for occupancy or length of time the property can be held prior to development or use by the credit union. In addition, credit union boards should have the authority to determine if the property is being occupied in a manner appropriate for the credit union.

We would also recommend the Board revert to the earlier definition of Partial Occupation, which only required a partial full-time use of the property to meet the occupancy requirements.

Please continue to examine the rules and regulations. If it is not spelled out specifically in statute, please consider credit union operations and strive to reduce regulations to allow us to complete our mission of serving members.

Respectfully,



Roger R. Heacock
President & CEO

cc: Credit Union National Association (CUNA)
Credit Union Association of the Dakotas (CUAD)